

Housing Authority - County of Los Angeles

October 17, 2007

To: Each Supervisor

From: Carlos Jackson, Executive Director

**SUBJECT: MONTHLY PROGRESS REPORT ON THE SECTION 8
HOUSING PROGRAM**

On March 13, 2007, your Board instructed me to report monthly on our progress to remove the Section 8 program from its "troubled" status, as rated by HUD's Section Eight Management Assessment Program (SEMAP). This report covers the period of September 18, 2007 – October 17, 2007 and provides information on the following:

- Corrective Action Plan (CAP) for FY 2005-2006 approved by your Board on August 21, 2007.
- HUD Advisor (The Nelrod Company)
- Current performance status
- Yardi System
- Office of Inspector General (OIG) audit

SEMAP

As I reported to your Board on August 21, 2007, we anticipate earning at least 90 points out of the possible 145 SEMAP points to receive a standard rating for FY 2006-2007. This is based on our self-assessment of SEMAP indicators 1 through 8, which was completed and submitted to HUD on August 6, 2007, and HUD's score from the online reporting system for June 30, 2007, on indicators 9 through 14. As indicated to your Board on August 28, 2007, the Section 8 program would be removed from "troubled" status only if HACoLA receives a SEMAP score of at least 87 points for FY 2006-2007 and completes the tasks listed in the executed CAP.

CAP

The second group of CAP items was submitted to HUD today, October 17, 2007, which reflects performance objectives completed through September 30, 2007.

The CAP requires that you receive formal training on the Housing Choice Voucher Program (Section 8). The Division has completed the procurement process to secure this training and certification. We are in the process of executing an Agreement with a training vendor that will accommodate your respective schedules. The Division will coordinate the training through your staff later this month as

training must be completed by November 12, 2007, in order to meet the CAP deadline.

The final CAP submission to HUD will be on November 17, 2007 and will cover all remaining performance objectives. (See Attachment A)

HUD Advisor On-Site

At the time of last month's report the HUD Advisor, the Nelrod Company, had recently arrived on site. In addition to completing the tasks outlined in HUD's task list, Nelrod will also provide assistance in the following areas:

1. Determination of Adjusted Income Performance
2. Lease-up
3. SEMAP Documentation for FY 07-08
4. Effective YARDI Implementation
5. Annual Re-examinations
6. Enforcement of Housing Quality Standards
7. Housing Quality Standards Annual Inspections

The Nelrod Company is reviewing our SEMAP to assist us in preparing for the upcoming on-site HUD confirmatory review. They have provided positive feedback on streamlining the annual reexamination process; recommendations on additional quality control measures that can be implemented; and alternative methods of documenting and tracking SEMAP performance.

FY 2007-2008 Performance Status

The following is the current performance status on the three most critical indicators for FY 2007-2008:

Annual Reexaminations (SEMAP Indicator #9) – We have completed 98.8% of the annual reexaminations that are due through October 1, 2007.

Annual Inspections (SEMAP Indicator #12) – We have completed 99.7% of the annual inspections that are due through October 1, 2007.

Lease-Up (SEMAP Indicator #13) – Our current lease-up rate is 91.2%, representing 18,896 assisted families throughout the County. We have 1,680 pending new contracts; 942 voucher holders are seeking housing; and we are concentrating on processing an additional 2,720 applications with the goal of turn-

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ing these into new contracts. Due to our continuing lease-up efforts, we remain on target to reach 95% lease-up by December 31, 2007.

Yardi System Implementation

On September 24, 2007, one week ahead of schedule, Phase I of the Yardi System implementation was completed. Implementing Phase I is a major accomplishment. Work has begun on Phase II, which is estimated to go live in April 2008.

Office of Inspector General Audit

HACoLA recently received a schedule of deficiencies, an explanation of the deficiencies and supporting documentation from the HUD Office of the Inspector General (OIG) audit of annual re-examination and tenant eligibility that has been underway throughout the past year. A total of 26 tenant files were reviewed by OIG. Staff has been instructed to correct all cited errors immediately. HACoLA will advise OIG of the corrective steps taken by October 23, 2007 via letter. OIG has informed HACoLA that its response will be included in the final audit report that will be issued in early November.

CJ:ML
Attachment

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer/Clerk of the Board of Supervisors
Each Deputy
Los Angeles County Housing Commissioners

Corrective Action Plan

The process for closure of the CAP items is to prepare the back-up materials to support compliance with the particular issue, and, either send it or, if too voluminous, make sure that it is available to the HUD staff for review. HUD staff will review the submission and after all of the information is received, a confirmatory on-site conference will take place. At that time, a final decision will be made on closure of the issue.

CORRECTIVE ACTION PLAN TIMELINE			
<i>Management Area or Indicator</i>	<i>Submittal Date 9/17/07</i>	<i>Submittal Date 10/17/07</i>	<i>Submittal Date 11/17/07</i>
Governance			√
Organization and Staffing		√	
Finance			√
Procurement	√		
MIS	√		
Program Management		√	
Indicator 1 – Selection from the Waiting List		√	
Indicator 2 – Rent Reasonableness	√		
Indicator 3 – Determination of Adjusted Income			√
Indicator 4 – Utility Allowance Schedule	√		
Indicator 5 – HQS Quality Control Inspections	√		
Indicator 6 – HQS Enforcement			√
Indicator 7 – Expanding Housing Opportunities	√		
Indicator 8 – Payment Standards	√		
Indicator 9 – Annual Reexaminations			√
Indicator 10 – Correct Tenant Rent Calculations			√
Indicator 11 – Pre-contract Housing Quality Standards (HQS) Inspections	√		
Indicator 12 – Annual Housing Quality Standards Inspections			√
Indicator 13 – Lease-up			√
Indicator 14 – Family Self-Sufficiency (FSS)			√